



2009 MUST DO checklist

Write off bad debt before 31st March:

To be deductible, bad debts must be physically written off your ledger prior to the end of the year. For a debt to be considered bad, the circumstances must indicate to a reasonable & prudent business person that, on the balance of probability, the debt is unlikely to be recovered. Therefore it is possible to write a debt off even where debt recovery is still ongoing.

Count inventory:

Trading stock must be counted & valued at balance date & full records must be retained. Stock must be valued using prescribed methods based on the lesser of cost or market selling price. If stock is valued at less than \$5,000 a stocktake is not required. Taxpayers who treat shares as trading stock are required to value shares at cost.

Spare parts:

Spare parts held for business use & not for resale can be expensed in the year purchased.

Consumable aids:

In your annual stocktake be aware that consumable aids should not be included as inventory so long as they value less than \$58,000. Consumable aids are articles or materials which are used in the manufacture or production of goods. They are either wholly or almost wholly consumed or become unusable or worthless after being applied in the process and do not become component parts of a finished product. Depending on your particular business this could cover much of what we would normally associate as inventory.

Review fixed assets:

Review your asset register for obsolete or disposed assets. Assets should be physically scrapped to qualify for writing off, or otherwise Inland Revenue Department approval can be sought. Remember new assets costing \$500 or less can be expensed.

Holiday pay & bonuses:

Holiday pay or bonuses paid out within 63 days of balance date (2 June 2009 for 31 March 2009) can be treated as deductible in that year.

Prepaid expenses:

In some cases expenses paid in one year which relate to the following year can be deducted in the year paid. Subject to certain limitations such expenditure would include insurance, advertising, subscriptions, rent & advance bookings for travel & accommodation.

WE'RE HERE TO HELP

Please contact us if you have any questions
and/or require assistance compiling end of year records.